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Fifty-fifth session
Agenda item 92

Macroeconomic policy questions

Report of the Second Committee*

Rapporteur: Mr. Ahmed **Amaziane** (Morocco)

1. At its 9th plenary meeting, on 11 September 2000, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-fifth session the item entitled:

"Macroeconomic policy questions:

"(a) Trade and development;

"(b) Commodities;

"(c) External debt crisis and development;

"(d) Science and technology for development;

"(e) Financing of development, including net transfer of resources between developing and developed countries"

and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 8th to 10th, 13th, 16th, 26th to 28th, 30th, 34th, 35th, 38th, 40th and 42nd meetings, on 6, 9, 12, 18, 26, 27 and 31 October, 15, 20 and 29 November and 1 and 8 December 2000. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/55/SR.8-10, 13, 16, 26-28, 30, 34, 35, 38, 40 and 42). Attention is also drawn to the general debate held by the Committee at its 3rd to 7th meetings, on 2, 3 and 5 October (see A/C.2/55/SR.3-7). An account of the Committee's further consideration of the item will be given in the addenda to the present report, as follows:

* The report of the Committee on this item will be issued in six parts, under the symbol A/55/579 and Add.1-5.

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Sub-item	*Addendum*
(a)	1
(b)	2
(c)	3
(d)	4
(e)	5

3. For its consideration of the item, the Committee had before it the following documents:

Item 92
Macroeconomic policy questions

Letter dated 2 May 2000 from the Permanent Representatives of Armenia and Georgia to the United Nations addressed to the Secretary-General (A/55/68-S/2000/377)

Letter dated 2 May 2000 from the Permanent Representatives of Azerbaijan and Georgia to the United Nations addressed to the Secretary-General (A/55/69-S/2000/378)

Letter dated 26 April 2000 from the Permanent Representatives of Georgia and Ukraine to the United Nations addressed to the Secretary-General (A/55/71-S/2000/393)

Letter dated 5 May 2000 from the Permanent Representative of Nigeria to the United Nations addressed to the President of the General Assembly, transmitting the Declaration and the Programme of Action adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000 (A/55/74)

Letter dated 17 July 2000 from the Permanent Representative of Japan to the United Nations addressed to the Secretary-General, transmitting the report of the Group of Seven Finance Ministers to the Heads of State and Government entitled "Strengthening the International Financial Architecture" (A/55/158-E/2000/102)

Letter dated 1 August 2000 from the Chargé d'affaires a.i. of the Permanent Mission of Japan to the United Nations addressed to the Secretary-General, transmitting the communiqué Okinawa 2000 adopted by the Group of Eight on 23 July 2000 (A/55/257-S/2000/766)

Letter dated 1 August 2000 from the Chargé d'affaires a.i. of the Permanent Mission of Japan to the United Nations addressed to the Secretary-General, transmitting a statement adopted by the Group of Seven at the summit meeting held in Okinawa, Japan, from 21 to 23 July 2000 (A/55/260-E/2000/108)

Letter dated 17 August 2000 from the Permanent Representative of Mongolia to the United Nations addressed to the Secretary-General (A/55/310)

Letter dated 8 September 2000 from the Permanent Representative of Brazil to the United Nations addressed to the Secretary-General, transmitting, inter alia, the Brasilia communiqué adopted on 1 September 2000 by the Presidents of the South American countries (A/55/375)

Letter dated 20 November 2000 from the Permanent Representative of Brazil to the United Nations addressed to the Secretary-General (A/55/636)

Note verbale dated 10 October 2000 from the Permanent Representative of Lebanon to the United Nations addressed to the Secretary-General (A/C.2/55/7)

Letter dated 19 October 2000 from the Permanent Representatives of Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation and Tajikistan to the United Nations addressed to the Secretary-General, transmitting the text of a statement by their respective heads of State concerning the establishment of the Eurasian Economic Community, adopted on 10 October 2000 (A/C.2/55/8)

Letter dated 24 October 2000 from the Permanent Representative of China to the United Nations addressed to the Secretary-General (A/C.2/55/9)

(a) Trade and development

Report of the Secretary-General on international trade and development (A/55/396)

Note by the Secretary-General on the transit environment in the landlocked States in Central Asia and their transit developing neighbours (A/55/320)

Report of the Trade and Development Board on its twenty-third to twenty-fifth executive sessions (A/55/15 (Parts I to III)) and on its forty-seventh session (A/54/15 (Part IV))[1]

Letter dated 28 June 2000 from the Permanent Representatives of Egypt and Indonesia to the United Nations addressed to the Secretary-General, transmitting the joint communiqué of the Tenth Summit of the Heads of State and Government of the Group of Fifteen, meeting in Cairo on 19 and 20 June 2000 (A/55/139-E/2000/93)

Letter dated 20 September 2000 from the Permanent Representatives of Azerbaijan, Georgia, the Republic of Moldova, Ukraine and Uzbekistan to the United Nations addressed to the Secretary-General, transmitting the New York Memorandum adopted by their respective Presidents at their meeting on 6 September 2000 and a communiqué (A/55/434-S/2000/926)

(b) Commodities

Note by the Secretary-General on world commodity trends and prospects (A/55/332)

Letter dated 28 June 2000 from the Permanent Representatives of Egypt and Indonesia to the United Nations addressed to the Secretary-General, transmitting the joint communiqué of the Tenth Summit of the Heads of State and Government of the Group of Fifteen, meeting in Cairo on 19 and 20 June 2000 (A/55/139-E/2000/93)

(c) External debt crisis and development

Report of the Secretary-General on recent developments in the debt situation of developing countries (A/55/422)

Letter dated 22 June 2000 from the Permanent Representative of Honduras to the United Nations addressed to the Secretary-General (A/55/183)

[1] The reports, circulated individually as documents A/55/15 (Parts I to IV), will be issued in final form as *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 15* (A/55/15).

(d) Science and technology for development

Report of the Secretary-General on the proposals for strengthening the coordination of the mechanisms on the Commission on Science and Technology for Development within the United Nations Conference on Trade and Development with the objective of promoting complementarity of activities within the United Nations system (A/55/96-E/2000/84)

Note by the Secretariat on the progress made in the implementation of General Assembly resolution 54/201 (A/55/413)

(e) Financing of development, including net transfer of resources between developing and developed countries

Report of the Secretary-General entitled "Towards a stable international financial system, responsive to the challenges of development, especially in the developing countries" (A/55/187 and Add.1 and 2)

Letter dated 28 June 2000 from the Permanent Representatives of Egypt and Indonesia to the United Nations addressed to the Secretary-General, transmitting the joint communiqué of the Tenth Summit of the Heads of State and Government of the Group of Fifteen, meeting in Cairo on 19 and 20 June 2000 (A/55/139-E/2000/93)

4. At the 8th meeting, on 6 October, introductory statements were made by Director of the Development Policy Analysis Division, Department of Economic and Social Affairs, the Senior Economic Affairs Officer and Chief of the Regional Commissions New York Office, and the High-level Expert on Financing, United Nations Conference on Trade and Development (see A/C.2/55/SR.8).

5. At the 9th meeting, on 6 October, an introductory statement was made by the Economic Affairs Officer of the secretariat of the United Nations Conference on Trade and Development (see A/C.2/55/SR.9).

6. At the 26th meeting, on 26 October, the Secretary-General of the United Nations Conference on Trade and Development and the President of the Trade and Development Board made introductory statements (see A/C.2/55/SR.26).

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Fifty-fifth session
Agenda item 92 (a)

Macroeconomic policy questions: trade and development

Report of the Second Committee*

Rapporteur: Mr. Ahmed **Amaziane** (Morocco)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 92 (see A/55/579, para. 2). Action on sub-item (a) was taken at the 30th, 34th, 40th and 42nd meetings, on 31 October, 15 November and 1 and 8 December 2000. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/55/SR.30, 34, 40 and 42).

II. Consideration of proposals

A. Draft resolution A/C.2/55/L.19

2. At the 30th meeting, on 31 October, the representative of Kazakhstan, on behalf of Afghanistan, Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia, Paraguay, the Philippines, Poland, the Republic of Moldova, Romania, the Russian Federation, Swaziland, Tajikistan, Turkey, Turkmenistan and Ukraine, introduced a draft resolution entitled "Transit environment in the landlocked States in Central Asia and their transit developing neighbours" (A/C.2/55/L.19). Subsequently, Bulgaria, Burkina Faso, the Islamic Republic of Iran and the former Yugoslav Republic of Macedonia joined in sponsoring the draft resolution, which read:

* The report of the Committee on this item will be issued in six parts, under the symbol A/55/579 and Add. 1-5.

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"*The General Assembly,*

"*Recalling* its resolutions 48/169 and 48/170 of 21 December 1993, 49/102 of 19 December 1994, 51/168 of 16 December 1996, 53/171 of 15 December 1998 and 55/2 of 8 September 2000,

"*Recalling also* the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing States and the Donor Community and other relevant international legal instruments,

"*Recognizing* that the overall socio-economic development efforts of the landlocked States in Central Asia, which are seeking to enter world markets through the establishment of a multicountry transit system, are impeded by a lack of territorial access to the sea as well as by remoteness and isolation from world markets and lack of adequate infrastructure in the transport sector in their transit developing neighbours owing to their economic problems,

"*Reaffirming* that transit States, in the exercise of full sovereignty over their territory, have the right to take all measures necessary to ensure that the rights and facilities provided for landlocked States in no way infringe upon their legitimate interests,

"*Expressing its support* for the current efforts being undertaken by the newly independent and developing landlocked States in Central Asia and their transit developing neighbours, through relevant multilateral, bilateral and regional arrangements, to address issues regarding the development of a viable transit infrastructure in the region,

"*Taking note* of the report prepared by the secretariat of the United Nations Conference on Trade and Development on the transit environment in the landlocked States in Central Asia and their transit neighbours, and considering that the problems of transit transport facing the Central Asian region need to be seen against the backdrop of increased trade and capital flows and advancement in technology in the region,

"*Recognizing* that, to be effective, a transit transport strategy for the newly independent and developing landlocked States in Central Asia and their transit developing neighbours should incorporate actions that address both the problems inherent in the use of existing transit routes and those associated with the early development and smooth functioning of new alternative routes, and welcoming, in this context, the further cooperation of landlocked States with all interested countries,

"*Noting* that there have been a number of important developments at the subregional and regional levels, including the signing at Almaty on 9 May 1998 of a transit transport framework agreement among States members of the Economic Cooperation Organization, the signing on 26 March 1998 by the heads of State of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific of the Tashkent Declaration on the United Nations Special Programme for the Economies of Central Asia, the implementation of the expanded Transport Corridor-Europe-Caucasus-Asia programme and the signing on 8 September 1998 of the Baku Declaration,

"*Welcoming* the presentation of the United Nations Special Programme for the Economies of Central Asia, held at Almaty on 27 April 2000, the adoption of the concept of the Special Programme and the joint statement by the Governments of Kazakhstan, Kyrgyzstan and Tajikistan, the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific,

"*Emphasizing once again* the importance of strengthening international support measures to address further the problems of the newly independent and developing landlocked States in Central Asia and their transit developing neighbours,

"1. *Notes with appreciation* the contribution of the United Nations Conference on Trade and Development to improving the efficiency of the transit transport system in the landlocked States in Central Asia and their transit developing neighbours;

"2. *Invites* the Secretary-General of the United Nations Conference on Trade and Development and the Governments concerned, in cooperation with the United Nations Development Programme, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Europe and relevant regional and international organizations and in accordance with approved programme priorities and within existing financial resources, to continue elaborating a programme for improving the efficiency of the current transit environment in the newly independent and developing landlocked States in Central Asia and their transit developing neighbours;

"3. *Invites* the United Nations Conference on Trade and Development, in close cooperation with the regional commissions within their respective mandates and current resources, as well as with other relevant international organizations, to provide technical assistance and advisory services to the newly independent landlocked States in Central Asia and their transit developing neighbours, taking into account the relevant transit transport agreements;

"4. *Invites* donor countries and multilateral financial and development institutions, within their mandates, to continue to provide the newly independent and developing landlocked States in Central Asia and their transit developing neighbours with appropriate financial and technical assistance for the improvement of the transit environment, including construction, maintenance and improvement of their transport, storage and other transit-related facilities and improved communications;

"5. *Calls upon* the United Nations system to continue to study, within the scope of the implementation of the present resolution, possible ways of promoting more cooperative arrangements between the landlocked States in Central Asia and their transit developing neighbours, and to encourage a more active supportive role on the part of the donor community;

"6. *Stresses* the need to ensure the coherent and timely implementation of the present and previous resolutions, bearing in mind the interlinkage of all their elements;

"7. *Requests* the Secretary-General of the United Nations Conference on Trade and Development, in close cooperation with the regional commissions, to prepare a report on the implementation of the present resolution for submission to the General Assembly at its fifty-eighth session."

3. At the 40th meeting, on 1 December, the Chairman read out an amendment to draft resolution A/C.2/55/L.19, in accordance with which operative paragraph 6 would be deleted.

4. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.19, as orally amended (see para. 11, draft resolution I).

B. Draft resolutions A/C.2/55/L.29 and A/C.2/55/L.61

5. At the 34th meeting, on 15 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Trade and development" (A/C.2/55/L.29), which read:

"*The General Assembly*,

"*Reaffirming* its resolutions 50/95 and 50/98 of 20 December 1995, 51/167 of 16 December 1996, 52/182 of 18 December 1997, 53/170 of 15 December 1998 and 54/198 of 22 December 1999,

"*Reaffirming also* the outcome of the tenth session of the United Nations Conference on Trade and Development, held in Bangkok from 12 to 19 February 2000, specifically the Bangkok Declaration: global dialogue and dynamic engagement and the Plan of Action, which provide an important framework for promoting a partnership for growth and development,

"*Further reaffirming* the United Nations Millennium Declaration of the heads of State and Government adopted on 8 September 2000, in particular paragraphs 11 to 18, and 27 and 28 thereof,

"*Welcoming* the Declaration of the South Summit and the Havana Programme of Action adopted by the South Summit of the Group of 77 on 14 April 2000,

"*Emphasizing* that a favourable and conducive international economic and financial environment and a positive investment climate are necessary for the economic growth of the world economy, including the creation of employment with equal opportunities for women and men, in particular for the growth and development of developing countries, and emphasizing also that each country is responsible for its own economic policies for sustainable development,

"*Noting* the need for multilateral trade liberalization, and noting also that a large number of developing countries have assumed the rights and obligations of the World Trade Organization without being able to reap the full benefits of, and participate fully in, the multilateral trading system, and that there is a need for progress towards liberalization and enhanced market access, including in areas and products of particular interest to developing countries,

"*Noting also* the importance of assisting developing countries in building their capacity, in accordance with their national priorities, to engage effectively in international trade,

"*Stressing* that full and faithful implementation of the commitments and obligations in multilateral trade agreements is important to the equitable and sustainable development and stability of the world economy,

"*Strongly emphasizing* the importance of providing all members of the World Trade Organization with the opportunity to engage fully and effectively in the process of multilateral trade negotiations and in other activities within the multilateral trading system in order to facilitate the attainment of balanced results with respect to the interests of all members,

"*Taking note* of the report of the Trade and Development Board on its forty-seventh session, the report of the Secretary-General on international trade and development and on the developments in the multilateral trading system, and the report of the Secretary-General of the United Nations Conference on Trade and Development on the transit environment in the landlocked States in Central Asia and their transit developing neighbours,

"*Noting*, in the context of international trade and development, the ongoing work of the Commonwealth Secretariat and World Bank Joint Task Force on Small States,

"1. *Recognizes* the importance of the expansion of international trade as an engine of growth and development and, in this context, the need for expeditious and complete integration of developing countries and countries with economies in transition into the international trading system, in full cognizance of the opportunities and challenges of globalization and liberalization and taking into account the circumstances of individual countries, in particular the trade interests and development needs of developing countries;

"2. *Renews its commitment* to uphold and strengthen an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trade system, which contributes to the economic and social advancement of all countries and peoples by promoting the liberalization and expansion of trade, employment and stability and by providing a framework for the conduct of international trade relations;

"3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in diversification, and, in this regard, strongly emphasizes the need for action at both the national and international levels, inter alia, through improved market access conditions, addressing supply-side constraints and the provision of support for capacity-building that actively involves women;

"4. *Recognizes* that the need for a substantial improvement of market access for exports of goods and services from developing countries through, inter alia, providing duty- and quota-free market access, elimination of non-tariff barriers and other forms of protectionist measures should be a high priority for any multilateral trade negotiations;

"5. *Urges* those countries that have announced market-access commitments in favour of developing countries and have not yet fulfilled them to expedite the implementation of those commitments, and calls upon other countries to undertake similar initiatives so that developing countries may also secure the benefits of an open global trading system;

"6. *Deplores* any attempt to bypass or undermine multilaterally agreed procedures on the conduct of international trade by taking unilateral actions that are inconsistent with the multilateral trade rules and regulations, including those agreed upon in the Uruguay Round of multilateral trade negotiations;

"7. *Expresses concern* about the proliferation of anti-dumping and countervailing measures and stresses that they should not be used as protectionist measures;

"8. *Reaffirms* the role of the United Nations Conference on Trade and Development as the focal point within the United Nations for the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development;

"9. *Requests* the Secretary-General, in consultation with the Secretary-General of the United Nations Conference on Trade and Development and in light of the successful outcome of the tenth session of the United Nations Conference on Trade and Development, to take the necessary measures to strengthen the management, and enhance the programme delivery capacity of the secretariat of the United Nations Conference on Trade and Development in order to enable it to implement fully and effectively the outcome of its tenth session;

"10. *Reiterates* the importance of continued trade liberalization in developed and developing countries, including in sectors of export interest to developing countries, through, inter alia:

"(a) Substantial reductions of tariffs, rolling back of tariff peaks and removal of tariff escalation;

"(b) Elimination of trade-distorting policies, protectionist practices and non-tariff barriers in international trade relations;

"(c) Ensuring that resort to anti-dumping duties, countervailing duties, phytosanitary regulations and technical standards is subjected to effective multilateral surveillance so that such measures respect and are consistent with multilateral trading rules and obligations and are not used for protectionist purposes;

"(d) Improvement and renewal, by preference-giving countries, of their Generalized System of Preferences schemes with the objective of integrating developing countries, especially the least developed countries, into the international trading system and of finding ways and means to ensure more effective utilization of the Generalized System of Preferences schemes, and, in this context, reiterates its original principles, namely, non-discrimination, universality, burden-sharing and non-reciprocity;

"11. *Also reiterates* that it is an ethical imperative for the international community to arrest and reverse the marginalization of the least developed

countries and to promote their expeditious integration into the world economy and that all countries should work together towards further enhanced market access for exports from the least developed countries within the context of supporting their own efforts at capacity-building; recognizes that the full implementation of the Plan of Action for the Least Developed Countries adopted by the first Ministerial Conference of the World Trade Organization, held at Singapore from 9 to 13 December 1996, requires further and expeditious progress towards duty- and quota-free imports from the least developed countries; invites the relevant international organizations to provide the enhanced technical assistance required to help to strengthen the supply capacity of the least developed countries so as to help them to take the fullest possible advantage of the trading opportunities that arise from globalization and liberalization and, in this regard, reiterates the need for a speedy implementation of the Integrated Framework for Trade-Related Technical Assistance, including for Human and Institutional Capacity-Building, to Support Least Developed Countries in their Trade and Trade-Related Activities; takes note of the preparatory activities being undertaken for the holding of the Third United Nations Conference on the Least Developed Countries at Brussels in May 2001 and, in this connection, calls on the industrialized countries to adopt, preferably by the time of that Conference, a policy of duty- and quota-free access for all products coming from the least developed countries;

"12. *Stresses* the urgent need to facilitate the integration of the countries of Africa into the world economy, welcomes, in this context, the action-oriented agenda for the development of Africa contained in the report of the Secretary-General on the causes of conflict and the promotion of durable peace and sustainable development in Africa, and the recommendations contained therein, calls for continued efforts to increase market access for products of export interest to African economies and support for their efforts at diversification and building of supply capacity and, in this context, requests the United Nations Conference on Trade and Development to continue to enhance its contribution to the United Nations New Agenda for the Development of Africa in the 1990s, taking into account the agreed conclusions of the Trade and Development Board on Africa, as well as to expeditiously establish a new subprogramme on Africa as agreed in the Plan of Action adopted at its tenth session, held in Bangkok from 12 to 19 February 2000;

"13. *Requests* the Secretary-General to ensure the initiation by the United Nations Conference on Trade and Development, in the areas falling within its mandate, of the preparatory process for the final review and appraisal of the implementation of the New Agenda to be held in 2002, in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology, and, in this context, also requests the Secretary-General to submit a report, based on the recommendations of the Trade and Development Board on Africa, on measures taken in this regard, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session under the agenda item entitled "International trade and development";

"14. *Stresses* the need to give special attention, within the context of international cooperation on trade and development issues, to the implementation of the many international development commitments geared to meeting the special development needs and problems of small island developing States and of landlocked developing countries and to recognize that those developing countries that provide transit services need adequate support for the maintenance and improve of their transit infrastructure;

"15. *Reiterates* the need for the United Nations Conference on Trade and Development to enhance its contribution to the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, in addressing the specific concerns of small island developing States and in their efforts aimed at diversification, capacity-building and improved market access for their effective integration into the global economy;

"16. *Also reiterates* the importance of the effective application by all members of the World Trade Organization of all provisions of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, taking into account the specific interests of developing countries so as to maximize economic growth and development benefits for all, and the need for the speedy resolution of implementation issues as well as the effective implementation of the special provisions in the multilateral trade agreements and related ministerial decisions in favour of developing countries, in particular by making contractual the previously agreed special and differential provisions, including the strengthening of these concepts, taking into account the changing realities of world trade and of globalization, and urges Governments and concerned international organizations to apply effectively the Ministerial Decisions on Measures in Favour of Least Developed Countries and on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;

"17. *Recognizes* the importance of increasing trade liberalization, in particular as regards areas and products of interest to developing countries, and that further liberalization should be sufficiently broad-based to respond to the range of interests and concerns of all members within the framework of the World Trade Organization;

"18. *Welcomes* the activities of the United Nations Conference on Trade and Development aimed at assisting developing countries in developing a positive agenda for future multilateral trade negotiations, and invites the Conference to continue to provide analytical support and technical assistance, including capacity-building activities, to those countries for their effective participation in the negotiations;

"19. *Invites* members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

"20. *Invites* the international financial institutions to ensure that, in their development cooperation activities with developing countries, the obligations of the latter with regard to their development policies, strategies and

programmes in trade and trade-related areas are consistent with their commitments under the framework of rules agreed upon within the multilateral trading system;

"21. *Emphasizes* the importance of the strengthening of, and the attainment of greater universality by, the international trading system and of accelerating the process directed towards accession to the World Trade Organization of developing countries and countries with economies in transition, also emphasizes the necessity for Governments that are members of the World Trade Organization and relevant international organizations to assist non-members of the World Trade Organization so as to facilitate their efforts with respect to accession in an expeditious and transparent manner, on the basis of undertaking balanced World Trade Organization rights and obligations, and further emphasizes the necessity for the United Nations Conference on Trade and Development and the World Trade Organization to provide technical assistance, within their mandates, that will contribute to the rapid and full integration of those countries into the multilateral trading system;

"22. *Stresses* the need for improved measures to address the volatility of short-term capital flows as well as the effects of financial crises on the international trading system and the development prospects of developing countries and the countries affected by such crises, emphasizing that keeping all markets open and maintaining continued growth in world trade are key elements in overcoming such crises, and, in this context, rejects the use of any protectionist measures; also stresses at a broader level, the need for greater coherence between the development objectives agreed to by the international community and the functioning of the international trading and financial system, and, in this context, calls for close cooperation between the organizations of the United Nations system and the multilateral trade and financial institutions, with the participation of their secretariats and the States Members of the United Nations and observer States;

"23. *Requests* the Secretary-General, in scheduling and organizing mandated events on trade and trade-related issues, to promote complementarity in the work of the relevant bodies of the United Nations system and with the work of other international organizations, with the participation of their secretariats and the States Members of the United Nations and observer States, as appropriate, bearing in mind the mandate of the United Nations Conference on Trade and Development;

"24. *Recognizes* the importance of open regional economic integration in the creation of new opportunities for expanding trade and investment, stresses the importance of those initiatives being in conformity with the rules of the World Trade Organization, where applicable, and, bearing in mind the primacy of the multilateral trading system, affirms that regional trade agreements should be outward-oriented and supportive of the multilateral trading system, and, in this context, invites Governments and intergovernmental and multilateral institutions to continue to provide support to economic integration among developing countries as well as among countries with economies in transition;

"25. *Requests* the secretariat of the United Nations Conference on Trade and Development to continue to identify and analyse the implications for development of issues relevant to investment, and to identify ways and means for promoting foreign direct and portfolio investment directed to all developing countries, taking into account their interests, in particular to those most in need, as well as to those countries with economies in transition with similar needs, bearing in mind the work undertaken by other organizations, including the regional commissions;

"26. *Reaffirms* the role of competition law and policy for sound economic development, and, in this regard, decides to convene in 2005 a fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices under the auspices of the United Nations Conference on Trade and Development;

"27. *Emphasizes* that the dispute settlement mechanism of the World Trade Organization is a key element with regard to the integrity and credibility of the multilateral trading system and the full realization of the benefits anticipated from the conclusion of the Uruguay Round of multilateral trade negotiations;

"28. *Strongly emphasizes* the need for technical assistance, including legal assistance, to developing countries, through, inter alia, the Advisory Centre on World Trade Organization Law and other mechanisms, to enable those countries to take the fullest possible advantage of the dispute settlement mechanism of the World Trade Organization, based on multilaterally agreed rules and regulations, and, in this context, also emphasizes that it is important for the United Nations Conference on Trade and Development to continue to strengthen its technical assistance to developing countries, in particular the least developed countries landlocked developing countries and small island developing States in this area;

"29. *Notes* the increasing importance and application of electronic commerce in international trade and the need to strengthen the capacities of developing countries to participate effectively in electronic commerce; urges the organizations of the United Nations system, within their mandates and in cooperation with other relevant bodies, with the participation of their secretariats and the States Members of the United Nations and observer States, the United Nations Conference on Trade and Development, the International Telecommunication Union, the International Trade Centre and the regional commissions, to continue to assist developing countries and countries with economies in transition; emphasizes in this regard the need for analysis of the fiscal, legal and regulatory aspects of electronic commerce as well as its implications for the trade and development prospects of developing countries; and, in this connection, welcomes the adoption of the Ministerial Declaration of the high-level segment of the substantive session of 2000 of the Economic and Social Council on development and international cooperation in the twenty-first century: the role of information technology in the context of a knowledge-based global economy;

"30. *Stresses* the importance of assisting developing countries and interested countries with economies in transition in improving the efficiency of

trade-supporting services, inter alia, through the elimination of procedural barriers and by greater use of trade facilitating mechanisms, in particular in the areas of transport, customs, banking and insurance and business information, especially in the case of small and medium-sized enterprises, and, in this respect, invites the United Nations Conference on Trade and Development, in accordance with its mandate and in collaboration with other relevant bodies of the United Nations, including the regional commissions, to continue to assist developing countries in those areas;

"31. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-sixth session on the implementation of the present resolution and developments in the multilateral trading system."

6. At the 42nd meeting, on 8 December, the Vice-Chairman of the Committee, Anne Barrington (Ireland), introduced a draft resolution entitled "International trade and development" (A/C.2/55/L.61), which she submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.29. At the same time, the Vice-Chairman orally revised draft resolution A/C.2/55/L.61, as follows:

(a) In operative paragraph 11, the words "towards duty- and quota-free exports" were revised to read "towards duty-free exports";

(b) In operative paragraph 17, the words "all of" were inserted before the words "the special provisions in the multilateral trade agreements";

(c) In operative paragraph 22, the word "of" was inserted between the words "the United Nations system and" and the words "the multilateral trade and financial institutions".

7. At the same meeting, the Secretary of the Committee read out a statement on the programme budget implications of draft resolution A/C.2/55/L.61 (see A/C.2/55/SR.42).

8. Also at the same meeting, the Committee adopted draft resolution A/C.2/55/L.61, as orally revised (see para. 11, draft resolution II).

9. In the light of the adoption of draft resolution A/C.2/55/L.61, draft resolution A/C.2/55/L.29 was withdrawn by its sponsors.

C. Draft decision proposed by the Chairman

10. At its 42nd meeting, on 8 December, on the proposal of the Chairman, the Committee decided to recommend to the General Assembly that it take note of the report of the Trade and Development Board on its twenty-third to twenty-fifth executive sessions (A/55/15 (Parts I to III)) and on its forty-seventh session (A/55/15 (Part IV)) (see para. 12, draft decision).

III. Recommendations of the Second Committee

11. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Draft resolution I
Transit environment in the landlocked States in Central Asia and their transit developing neighbours

The General Assembly,

Recalling its resolutions 48/169 and 48/170 of 21 December 1993, 49/102 of 19 December 1994, 51/168 of 16 December 1996, 53/171 of 15 December 1998 and 55/2 of 8 September 2000,

Recalling also the Global Framework for Transit Transport Cooperation between Landlocked and Transit Developing States and the Donor Community[1] and other relevant international legal instruments,

Recognizing that the overall socio-economic development efforts of the landlocked States in Central Asia, which are seeking to enter world markets through the establishment of a multicountry transit system, are impeded by a lack of territorial access to the sea as well as by remoteness and isolation from world markets and lack of adequate infrastructure in the transport sector in their transit developing neighbours owing to their economic problems,

Reaffirming that transit States, in the exercise of full sovereignty over their territory, have the right to take all measures necessary to ensure that the rights and facilities provided for landlocked States in no way infringe upon their legitimate interests,

Expressing its support for the current efforts being undertaken by the newly independent and developing landlocked States in Central Asia and their transit developing neighbours through relevant multilateral, bilateral and regional arrangements to address issues regarding the development of a viable transit infrastructure in the region,

Taking note of the report prepared by the secretariat of the United Nations Conference on Trade and Development on the transit environment in the landlocked States in Central Asia and their transit neighbours,[2] and considering that the problems of transit transport facing the Central Asian region need to be seen against the backdrop of increased trade and capital flows and advancement in technology in the region,

Recognizing that, to be effective, a transit transport strategy for the newly independent and developing landlocked States in Central Asia and their transit developing neighbours should incorporate actions that address both the problems inherent in the use of existing transit routes and those associated with the early development and smooth functioning of new alternative routes, and welcoming in this context the further cooperation of landlocked States with all interested countries,

Noting that there have been a number of important developments at the subregional and regional levels, including the signing at Almaty on 9 May 1998 of a transit transport framework agreement among States members of the Economic Cooperation Organization, the signing on 26 March 1998 by the heads of State of

[1] TD/B/42(1)/11-TD/B/LDC/AC.1/7, annex I.

[2] A/53/331, annex.

Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific of the Tashkent Declaration on the United Nations Special Programme for the Economies of Central Asia,[3] the implementation of the expanded Transport Corridor-Europe-Caucasus-Asia programme and the signing on 8 September 1998 of the Baku Declaration,[4]

Welcoming the presentation of the United Nations Special Programme for the Economies of Central Asia, held at Almaty on 27 April 2000, the adoption of the concept of the Special Programme and the joint statement by the Governments of Kazakhstan, Kyrgyzstan and Tajikistan, the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific,

Emphasizing once again the importance of strengthening international support measures to address further the problems of the newly independent and developing landlocked States in Central Asia and their transit developing neighbours,

1. *Notes with appreciation* the contribution of the United Nations Conference on Trade and Development to improving the efficiency of the transit transport system in the landlocked States in Central Asia and their transit developing neighbours;

2. *Invites* the Secretary-General of the United Nations Conference on Trade and Development and the Governments concerned, in cooperation with the United Nations Development Programme, the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Europe and relevant regional and international organizations and in accordance with approved programme priorities and within existing financial resources, to continue to elaborate a programme for improving the efficiency of the current transit environment in the newly independent and developing landlocked States in Central Asia and their transit developing neighbours;

3. *Invites* the United Nations Conference on Trade and Development, in close cooperation with the regional commissions within their respective mandates and current resources, as well as with other relevant international organizations, to provide technical assistance and advisory services to the newly independent landlocked States in Central Asia and their transit developing neighbours, taking into account the relevant transit transport agreements;

4. *Invites* donor countries and multilateral financial and development institutions, within their mandates, to continue to provide the newly independent and developing landlocked States in Central Asia and their transit developing neighbours with appropriate financial and technical assistance for the improvement of the transit environment, including construction, maintenance and improvement of their transport, storage and other transit-related facilities and improved communications;

5. *Calls upon* the United Nations system to continue to study, within the scope of the implementation of the present resolution, possible ways of promoting more cooperative arrangements between the landlocked States in Central Asia and their transit developing neighbours, and to encourage a more active supportive role on the part of the donor community;

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[3] A/53/96, annex II.

[4] A/C.2/53/4, annex.

6. *Requests* the Secretary-General of the United Nations Conference on Trade and Development, in close cooperation with the regional commissions, to prepare a report on the implementation of the present resolution, for submission to the General Assembly at its fifty-eighth session.

Draft resolution II
International trade and development

The General Assembly,

Reaffirming its resolutions 50/95 and 50/98 of 20 December 1995, 51/167 of 16 December 1996, 52/182 of 18 December 1997, 53/170 of 15 December 1998 and 54/198 of 22 December 1999, as well as relevant international agreements concerning trade, economic growth and development,

Reaffirming also the outcome of the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000,[5] specifically the Bangkok Declaration: global dialogue and dynamic engagement[6] and the Plan of Action,[7] which provide an important framework for promoting a partnership for growth and development,

Recalling the United Nations Millennium Declaration of the heads of State and Government adopted on 8 September 2000,[8]

Taking note of the Declaration and the Programme of Action adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000,[9]

Emphasizing that a favourable and conducive international economic and financial environment and a positive investment climate are necessary for the growth of the world economy, including the creation of employment with equal opportunities for women and men, in particular for the growth and development of developing countries, and emphasizing also that each country is responsible for its own economic policies for sustainable development,

Noting the need for multilateral trade liberalization, and noting also that a large number of developing countries have assumed the rights and obligations of the World Trade Organization without being able to reap the full benefits of, and participate fully in, the multilateral trading system, and that there is a need for progress towards liberalization and enhanced market access, including in areas and products of particular interest to developing countries,

Noting also the importance of assisting developing countries in building their capacity, in accordance with their national priorities, to engage effectively in international trade,

Stressing that full and faithful implementation of the commitments and obligations in multilateral trade agreements is important to the equitable and sustainable development and stability of the world economy,

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[5] TD/390.
[6] Ibid., part I.
[7] Ibid., part II.
[8] Resolution 55/2.
[9] A/55/74, annexes I and II.

Strongly emphasizing the importance of providing all members of the World Trade Organization with the opportunity to engage fully and effectively in the process of multilateral trade negotiations and in other activities within the multilateral trading system in order to facilitate the attainment of balanced results with respect to the interests of all members,

Taking note of the report of the Trade and Development Board on its forty-seventh session,[10] the report of the Secretary-General on international trade and development and on the developments in the multilateral trading system,[11] and the report of the Secretary-General of the United Nations Conference on Trade and Development on the transit environment in the landlocked States in Central Asia and their transit developing neighbours,[12]

Noting, in the context of international trade and development, the ongoing work of the Commonwealth Secretariat and World Bank Joint Task Force on Small States,

1. *Recognizes* the importance of the expansion of international trade as an engine of growth and development and, in this context, the need for expeditious and complete integration of developing countries and countries with economies in transition into the international trading system, in full cognizance of the opportunities and challenges of globalization and liberalization and taking into account the circumstances of individual countries, in particular the trade interests and development needs of developing countries;

2. *Renews its commitment* to uphold and strengthen an open, rule-based, equitable, secure, non-discriminatory, transparent and predictable multilateral trade system which contributes to the economic and social advancement of all countries and peoples, including equal opportunities for women and for men, by promoting the liberalization and expansion of trade, employment and stability and by providing a framework for the conduct of international trade relations;

3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in diversification and, in this regard, strongly emphasizes the need for action at both the national and international levels, inter alia, through improved market access conditions, addressing supply-side constraints and support for capacity-building, including in areas that actively involve women;

4. *Recognizes* that the substantial improvement of market access for exports of goods and services from developing countries through, inter alia, the reduction or removal of tariff and non-tariff barriers should be assigned high priority in multilateral trade negotiations;

5. *Urges* those countries that have announced market-access initiatives in favour of developing countries, in particular the least developed countries, and have not yet fulfilled them to expedite the implementation of those initiatives, and calls upon other countries that have not yet done so to undertake similar initiatives;

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[10] A/55/15 (Part IV). For the final text, see *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 15*.

[11] A/55/396.

[12] See A/55/320.

6. *Deplores* any attempt to bypass or undermine multilaterally agreed procedures on the conduct of international trade by taking unilateral actions that are inconsistent with the multilateral trade rules and regulations, including those agreed upon in the Uruguay Round of multilateral trade negotiations;

7. *Expresses concern* about the proliferation of anti-dumping and countervailing measures, and stresses that they should not be used as protectionist measures;

8. *Reaffirms* the role of the United Nations Conference on Trade and Development as the focal point within the United Nations for the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development;

9. *Requests* the Secretary-General, in consultation with the Secretary-General of the United Nations Conference on Trade and Development and in line with the successful outcome of the tenth session of the United Nations Conference on Trade and Development, to take the necessary measures to strengthen the management and enhance the programme delivery capacity and performance of the secretariat of the United Nations Conference on Trade and Development in order to enable it to implement fully and effectively the outcome of its tenth session;

10. *Reiterates* the importance of continued trade liberalization in developed and developing countries, including in sectors of export interest to developing countries, through, inter alia:

(a) Substantial reductions of tariffs, the rolling back of tariff peaks and the removal of tariff escalation;

(b) The elimination of trade-distorting policies, protectionist practices and non-tariff barriers in international trade relations;

(c) Ensuring that resort to anti-dumping duties, countervailing duties, phytosanitary regulations and technical standards is subject to effective multilateral surveillance so that such measures respect and are consistent with multilateral trading rules and obligations and are not used for protectionist purposes;

(d) The improvement and renewal, by preference-giving countries, of their Generalized System of Preferences schemes with the objective of integrating developing countries, especially the least developed countries, into the international trading system and of finding ways and means to ensure more effective utilization of those schemes and, in this context, reiterates its original principles, namely, non-discrimination, universality, burden-sharing and non-reciprocity;

11. *Also reiterates* that it is an ethical imperative for the international community to arrest and reverse the marginalization of the least developed countries and to promote their expeditious integration into the world economy and that all countries should work together towards further enhancement of duty- and quota-free market access for exports from the least developed countries within the context of supporting their own efforts at capacity-building; recognizes that the full implementation of the Plan of Action for the Least Developed Countries adopted by the first Ministerial Conference of the World Trade Organization, held at Singapore from 9 to 13 December 1996, provides for further and expeditious progress towards duty-free imports from the least developed countries; invites the relevant international organizations to provide the enhanced technical assistance required to

help to strengthen the supply and institutional capacity of the least developed countries so as to help them to take the fullest possible advantage of the trading opportunities that arise from globalization and liberalization and, in this regard, reiterates the need for a speedy implementation of the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries; takes note of the preparatory activities being undertaken for the Third United Nations Conference on the Least Developed Countries, to be held at Brussels in May 2001; and, in this connection, calls upon development partners, in particular industrialized countries, to make efforts towards the adoption of a policy of duty- and quota-free access for essentially all exports originating in the least developed countries;

12. *Notes* the need to better coordinate trade-related technical assistance and, in this regard, to implement the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries in order to promote coordination among the six core agencies, bearing in mind that the resources made available should be utilized in line with their respective roles;

13. *Stresses* the urgent need to facilitate the integration of the countries of Africa into the world economy and, in this context, takes note with appreciation of the action-oriented agenda for the development of Africa contained in the report of the Open-ended Ad Hoc Working Group on the Causes of Conflict and the Promotion of Durable Peace and Sustainable Development in Africa,[13] and the recommendations contained therein; calls for continued efforts to increase market access for products of export interest to African economies and support for their efforts to diversify and build supply capacity and, in this context, requests the United Nations Conference on Trade and Development to continue to enhance its contribution to the United Nations New Agenda for the Development of Africa in the 1990s,[14] taking into account the agreed conclusions of the Trade and Development Board on Africa;[15] further encourages the Secretary-General of the United Nations to establish a new subprogramme on Africa, as agreed in the Bangkok Plan of Action;[16] and emphasizes the importance of increased inter-agency cooperation, which has proven its relevance through the joint integrated technical assistance programmes for selected least developed and other African countries;

14. *Requests* the Secretary-General to ensure the initiation by the United Nations Conference on Trade and Development, in the areas falling within its mandate, of the preparatory process for the final review and appraisal of the implementation of the New Agenda, to be held in 2002, in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology and, in this context, also requests the Secretary-General to submit a report, based on the recommendations of the Trade and Development Board on Africa, on measures taken in this regard, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session under the agenda item entitled "International trade and development";

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[13] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 45* (A/55/45).

[14] Resolution 46/151, annex, sect. II.

[15] A/54/15 (Part V), chap. I, sect. C, agreed conclusions 458 (XLVI). For the final text, see *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 15*.

[16] TD/386.

15. *Stresses* the need to give special attention, within the context of international cooperation on trade and development issues, to the implementation of the many international development commitments geared to meeting the special development needs and problems of small island developing States and of landlocked developing countries and to recognize that those developing countries that provide transit services need adequate support for the maintenance and improvement of their transit infrastructure;

16. *Reiterates* the need for the United Nations Conference on Trade and Development to enhance its contribution to the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States[17] and review document[17] in addressing the specific concerns of small island developing States in their efforts aimed at diversification, capacity-building and benefiting from improved market access opportunities for their effective integration into the global economy;

17. *Also reiterates* the importance of the effective application by all members of the World Trade Organization of all provisions of the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations,[18] taking into account the specific interests of developing countries, so as to maximize economic growth and development benefits for all, and the need for seriously addressing implementation issues, as well as for implementing effectively all of the special provisions in the multilateral trade agreements and related ministerial decisions in favour of developing countries, in particular by making operational and ensuring fuller implementation of the previously agreed special and differential provisions, including the strengthening of these concepts, taking into account the changing realities of world trade and globalization, and urges Governments and concerned international organizations to apply effectively the Ministerial Decisions on Measures in Favour of Least Developed Countries and on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;[18]

18. *Recognizes* the importance of increasing trade liberalization, in particular as regards areas and products of interest to developing countries, and that further liberalization should be sufficiently broad-based to respond to the range of interests and concerns of all members within the framework of the World Trade Organization and, in this regard, welcomes the activities of the United Nations Conference on Trade and Development aimed at assisting developing countries in developing a positive agenda for future multilateral trade negotiations, and invites the secretariat of the Conference to continue to provide analytical support and technical assistance, including capacity-building activities, to those countries for their effective participation in the negotiations;

19. *Invites* members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

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[17] *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

[18] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

20. *Invites* the international financial institutions to ensure that, in their development cooperation activities with developing countries, the obligations of the latter with regard to their development policies, strategies and programmes in trade and trade-related areas are consistent with their commitments under the framework of rules agreed upon within the multilateral trading system;

21. *Emphasizes* the importance of the strengthening of, and the attainment of greater universality by, the international trading system and of accelerating the process directed towards accession to the World Trade Organization of developing countries and countries with economies in transition, also emphasizes the necessity for Governments that are members of the World Trade Organization and relevant international organizations to assist non-members of the World Trade Organization so as to facilitate their efforts with respect to accession in an expeditious and transparent manner, on the basis of undertaking balanced World Trade Organization rights and obligations, and further emphasizes the necessity for the United Nations Conference on Trade and Development and the World Trade Organization to provide technical assistance, within their mandates, that will contribute to the rapid and full integration of those countries into the multilateral trading system;

22. *Stresses* the need for improved measures to address the volatility of short-term capital flows as well as the effects of financial crises on the international trading system and the development prospects of developing countries and countries affected by such crises, emphasizing the fact that keeping all markets open and maintaining continued growth in world trade are key elements in overcoming such crises and, in this context, rejects the use of any protectionist measures; also stresses, at a broader level, the need for greater coherence between the development objectives agreed to by the international community and the functioning of the international trading and financial system and, in this context, calls for close cooperation between the members and observers of the organizations of the United Nations system and of the multilateral trade and financial institutions, with participation in accordance with their established rules, procedures and practices;

23. *Requests* the Secretary-General, in scheduling and organizing mandated events on trade and trade-related issues, to promote complementarity in the work of the relevant bodies of the United Nations system and with the work of other international organizations, as appropriate, bearing in mind the mandate of the United Nations Conference on Trade and Development;

24. *Recognizes* the importance of open regional economic integration in the creation of new opportunities for expanding trade and investment, stresses the importance of those initiatives being in conformity with the rules of the World Trade Organization, where applicable, and, bearing in mind the primacy of the multilateral trading system, affirms that regional trade agreements should be outward-oriented and supportive of the multilateral trading system and, in this context, invites Governments and intergovernmental and multilateral institutions to continue to provide support for economic integration among developing countries, and among countries with economies in transition;

25. *Requests* the secretariat of the United Nations Conference on Trade and Development to continue to identify and analyse the implications for development of issues relevant to investment, and to identify ways and means of promoting foreign direct and portfolio investment directed to all developing countries, taking into account their interests, in particular to those most in need, as well as to those

countries with economies in transition with similar needs, and bearing in mind the work undertaken by other organizations, including the regional commissions;

26. *Emphasizes* the fact that, in line with Agenda 21[19] and the Rio Declaration on Environment and Development,[20] Governments should have the objective of ensuring that trade and environmental policies are mutually supportive so as to achieve sustainable development, and also emphasizes that, in so doing, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes;

27. *Reaffirms* the role of competition law and policy for sound economic development, takes note of the important and useful work of the United Nations Conference on Trade and Development in this field and, in this regard, decides to convene in 2005 a fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, under the auspices of the United Nations Conference on Trade and Development;[21]

28. *Emphasizes* that the dispute settlement mechanism of the World Trade Organization is a key element with regard to the integrity and credibility of the multilateral trading system and the full realization of the benefits anticipated from the conclusion of the Uruguay Round of multilateral trade negotiations;

29. *Strongly emphasizes* the need for technical assistance, including legal assistance, to developing countries through, inter alia, the Advisory Centre on World Trade Organization Law and other mechanisms, to enable those countries to take the fullest possible advantage of the dispute settlement mechanism of the World Trade Organization, based on multilaterally agreed rules and regulations and also, in this context, emphasizes that it is important for the United Nations Conference on Trade and Development to continue to strengthen its technical assistance to developing countries, in particular the least developed countries, landlocked developing countries and small island developing States in this area;

30. *Notes* the increasing importance and application of electronic commerce in international trade and the need to strengthen the capacities of developing countries to participate effectively in electronic commerce; urges the organizations of the United Nations system, within their mandates and in cooperation with other relevant bodies, with the participation of their secretariats and the States Members of the United Nations and observer States, the United Nations Conference on Trade and Development, the International Telecommunication Union, the International Trade Centre and the regional commissions, to continue to assist developing countries and countries with economies in transition; emphasizes in this regard the need for analysis of the fiscal, legal and regulatory aspects of electronic commerce, as well as its implications for the trade and development prospects of developing countries; and, in this connection, welcomes the adoption of the ministerial declaration of the high-level segment of the substantive session of 2000 of the Economic and Social Council entitled "Development and international cooperation

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[19] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

[20] Ibid., annex I.

[21] See TD/RBP/CONF.5/15.

in the twenty-first century: the role of information technology in the context of a knowledge-based global economy";[22]

31. *Stresses* the importance of assisting developing countries and interested countries with economies in transition in improving the efficiency of trade-supporting services, inter alia, through the elimination of procedural barriers and by greater use of trade facilitating mechanisms, in particular in the areas of transport, customs, banking and insurance and business information, especially in the case of small and medium-sized enterprises and, in this respect, invites the United Nations Conference on Trade and Development, in accordance with its mandate and in collaboration with other relevant bodies of the United Nations, including the regional commissions, to continue to assist developing countries in those areas;

32. *Requests* the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-sixth session on the implementation of the present resolution and developments in the multilateral trading system.

* * *

12. The Second Committee also recommends to the General Assembly the adoption of the following draft decision:

Documents relating to trade and development

The General Assembly takes note of the reports of the Trade and Development Board on its twenty-third to twenty-fifth executive sessions (A/55/15 (Parts I to III)) and on its forty-seventh session (A/54/15 (Part IV)).[23]

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[22] A/55/3, chap. III, para. 17. For the final text see *Official Records of the Economic and Social Council, 2000, Supplement No. 3* (A/55/3/Rev.1).

[23] The reports, circulated individually as documents A/55/15 (Parts I to IV), will be issued in final form as *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 15* (A/55/15).

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Macroeconomic policy questions: commodities

Report of the Second Committee*

Rapporteur: Mr. Ahmed **Amaziane** (Morocco)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 92 (see A/55/579, para. 2). Action on sub-item (b) was taken at the 34th and 42nd meetings, on 15 November and 8 December 2000. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/55/SR. 34 and 42).

II. Consideration of draft resolutions A/C.2/55/L. 28 and A/C.2/55/L. 62

2. At the 34th meeting, on 15 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Commodities" (A/C.2/55/L.28), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992, 48/214 of 23 December 1993, 51/169 of 16 December 1996 and 53/174 of 15 December 1998, and stressing the urgent need to ensure their full implementation,
>
> "*Reaffirming* the outcome of the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000, and the Plan of Action adopted by the Conference, in particular paragraphs 64 to 68 and 144,

* The report of the Committee on this item will be issued in six parts, under the symbol A/55/579 and Add.1-5.

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"*Also reaffirming* the United Nations Millennium Declaration of the heads of State and Government, adopted on 8 September 2000,

"*Welcoming* the Havana Declaration and Programme of Action adopted by the South Summit on 14 April 2000,

"*Noting with concern* the report by the Secretary-General of the United Nations Conference on Trade and Development on the declining trend of commodity prices,

"*Taking note* of the report of the forty-seventh session of the Trade and Development Board, held at Geneva from 9 to 20 October 2000,

"*Recognizing* that many developing countries, in particular African countries and least developed countries, are highly dependent on the commodity sector which still remains the principal source of export revenues and the primary source of the creation of employment, income-generation and domestic savings, as well as a driving force of investment and a contributor to economic growth and social development,

"*Expressing deep concern* about the negative effects of the continuing unfavourable weather conditions on the supply side of commodity-dependent countries and the effects of financial crises on the demand for commodities, as well as the continuing decline of commodity prices, which adversely affects the economic growth of commodity-dependent countries, especially in Africa and the least developed countries,

"*Concerned* about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining meaningful access to markets for their commodities,

"*Emphasizing* the necessity for the developing countries, in particular African countries and the least developed countries, for a domestic industrial transformation of their commodity production with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries in their integration into the global economy,

"1. *Emphasizes* the need for developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

"2. *Expresses* the urgent need for strongly supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of commodity price risk management instruments;

"3. *Urges* developed countries to continue to support the commodity diversification and liberalization efforts of developing countries, especially African countries, the least developed countries, small island developing States and small vulnerable States, in a spirit of common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

"4. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

"5. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts, in developing countries, especially in commodity-dependent countries, and, in this respect, stresses that:

"(a) International support for the efforts of developing countries towards the industrial transformation of their commodities is required to increase their export revenues and to improve their competitiveness with a view to facilitating their integration into the global economy;

"(b) In the context of the process of trade liberalization, tariff peaks should be minimized and the use of trade-distorting policies and practices and non-tariff barriers should be eliminated as they have negative effects on the ability of developing countries to diversify their exports and undertake the required restructuring of their commodity sector and have an adverse impact on liberalization measures taken by commodity-dependent developing countries and their efforts towards poverty elimination;

"(c) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address that diminution, in particular by strengthening technical and financial assistance in addressing the supply-side constraints faced by commodity-dependent developing countries, in order to improve the competitiveness of their commodity sector and to overcome difficulties encountered in their diversification programmes;

"(d) Timely and effective financial cooperation to facilitate the management by commodity-dependent countries of excessive fluctuations in commodity export earnings should be maintained and further pursued;

"(e) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff of developing countries is of paramount importance for quality improvements in the commodity sector;

"(f) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

"(g) There is a need to promote, expand and intensify research and development, to provide infrastructure and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

"6. *Encourages* the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to expand the activities of the Second Account of the Common Fund and to increase its available funding for research and development and extension services in developing countries, including adaptive research on production and processing aimed at smallholders and small-sized and medium-sized enterprises in developing

countries, in order to widen the scope of activities and thus ensure the effective participation of all stakeholders;

"7. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in the financing of commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in their preparation for effective participation in multilateral trade negotiations and in formulating a positive agenda for future trade negotiations;

"8. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to report to the General Assembly at its fifty-seventh session on world commodity trends and prospects;

"9. *Decides* to include in the provisional agenda of its fifty-seventh session the sub-item entitled 'Commodities'."

3. At the 42nd meeting, on 8 December, the Vice-Chairman of the Committee, Anne Barrington (Ireland), introduced, a draft resolution also entitled "Commodities" (A/C.2/55/L.62), which she submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.28.

4. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.62 (see para. 6).

5. In the light of the adoption of draft resolution A/C.2/55/L.62, draft resolution A/C.2/55/L.28 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Commodities

The General Assembly,

Recalling its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992, 48/214 of 23 December 1993, 51/169 of 16 December 1996 and 53/174 of 15 December 1998, and stressing the urgent need to ensure their full implementation,

Reaffirming the outcome of the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000,[1] and the Plan of Action adopted by the Conference,

Also recalling the United Nations Millennium Declaration of the heads of State and Government adopted on 8 September 2000,[2]

Taking note of the Declaration and the Programme of Action adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000, [3]

[1] TD/390.

[2] Resolution 55/2.

Noting with concern the report of the United Nations Conference on Trade and Development concerning the declining trend of most commodity prices,[4]

Taking note of the report of the Trade and Development Board on its forty-seventh session,[5] held at Geneva from 9 to 20 October 2000,

Recognizing that many developing countries, in particular African countries and the least developed countries, are highly dependent on the commodity sector, which still remains the principal source of export revenues and the primary source of the creation of employment, income-generation and domestic savings, as well as a driving force of investment and a contributor to economic growth and social development,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply side of most commodity-dependent countries and any continuing effects of the 1997-1998 financial crisis on the demand for commodities, as well as the continuing depressed levels of most commodity prices, which adversely affect the economic growth of commodity-dependent countries, especially in Africa and the least developed countries, as well as commodity-dependent small island developing States,

Concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining access to markets for their commodities,

Emphasizing the necessity for a domestic industrial transformation of commodity production in the developing countries, in particular African countries and the least developed countries, with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries and their integration into the global economy,

1. *Emphasizes* the need for the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. *Expresses* the urgent need for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of commodity price risk management instruments;

3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification and, in this regard, strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, including in areas that actively involve women;

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[3] See A/55/74.

[4] See A/55/332.

[5] TD/B/47/11 (Vol. I). The report will appear in final form, together with the reports on the twenty-third to twenty-fifth executive sessions, as *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 15* (A/55/15/Rev.1).

4. *Urges* the developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially in Africa and the least developed countries, as well as commodity-dependent small island developing States, in a spirit of common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

5. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

6. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, especially in commodity-dependent countries, and, in this respect, stresses that:

(a) International support for the efforts of developing countries in the industrial transformation of their commodities is required to increase their export revenues and improve their competitiveness with a view to facilitating their integration into the global economy;

(b) In the context of the process of trade liberalization, tariff peaks should be minimized and the use of trade-distorting policies and protectionist practices and non-tariff barriers should be eliminated as they have negative effects on the ability of developing countries to diversify their exports and undertake the required restructuring of their commodity sector and have an adverse impact on liberalization measures taken by commodity-dependent developing countries and their efforts to eliminate poverty;

(c) In line with Agenda 21[6] and the Rio Declaration on Environment and Development,[7] Governments should make it their objective to ensure that trade and environmental policies are mutually supportive so as to achieve sustainable development; in so doing, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes;

(d) In light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address the diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by such countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

(e) Timely and effective financial cooperation to facilitate the management by commodity-dependent countries of excessive fluctuations in commodity export earnings should be maintained and further pursued;

(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical,

[6] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992* (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.

[7] Ibid., annex I.

managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;

(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(h) There is a need to promote, expand and intensify research and development, to provide infrastructure and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

7. *Encourages* the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to expand the activities of its Second Account with the necessary and effective support for research and development and extension services in developing countries, including adaptive research on production and processing aimed at smallholders and small-sized and medium-sized enterprises in developing countries, in order to widen the scope of activities and thus ensure the effective participation of all stakeholders;

8. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in the financing of commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in their preparation for effective participation in multilateral trade negotiations and in formulating a positive agenda for future trade negotiations;

9. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to report on world commodity trends and prospects to the General Assembly at its fifty-seventh session;

10. *Decides* to include in the provisional agenda of its fifty-seventh session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "Commodities".

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Macroeconomic policy questions: external debt crisis and development

Report of the Second Committee*

Rapporteur: Mr. Ahmed **Amaziane** (Morocco)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 92 (see A/55/579, para. 2). Action on sub-item (c) was taken at the 35th and 42nd meetings, on 20 November and 8 December 2000. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/55/SR.35 and 42).

II. Consideration of draft resolutions A/C.2/55/L.38 and A/C.2/55/L.64

2. At the 35th meeting, on 20 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/55/L.38), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998 and 54/202 of 22 December 1999 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

* The report of the Committee on this item will be issued in six parts, under the symbol A/55/579 and Add.1-5.

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"*Welcoming* the report of the Secretary-General on recent developments in the debt situation of developing countries, in particular the proposals contained in paragraphs 70-78,

"*Welcoming also* the United Nations Millennium Declaration of the heads of State and Government adopted on 8 September 2000,

"*Noting with concern* the continuing debt and debt-servicing problems of heavily indebted developing countries that adversely affect their development efforts and economic growth, and stressing the importance of alleviating once and for all the onerous debt and debt-service burden with the aim of attaining a sustainable level of debt and debt service,

"*Noting with great concern* the continuing high debt burden borne by many developing countries, including low- and middle-income countries, particularly by most African countries and the least developed countries, owing, inter alia, to declining commodity prices and financial and liquidity constraints,

"*Reaffirming* the urgent need for an effective, equitable and development-oriented treatment of the external debt and debt-servicing problems of developing countries in order to help them to exit from the rescheduling process and unsustainable debt burdens,

"*Welcoming and emphasizing* the importance of the efforts of debtor countries to pursue, despite the great social cost often involved, economic reforms and structural adjustment programmes that are aimed at achieving stability, raising domestic savings and investment, attaining competitiveness to take advantage of market access opportunities, where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty as well as the development of social safety nets for the vulnerable and poorer strata of their populations,

"*Stressing* the need for global economic growth as well as equitable distribution of its opportunities and benefits and a supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries, in accordance with the relevant General Assembly resolutions and the outcomes of recent United Nations conferences,

"*Noting* that mechanisms such as debt rescheduling and debt conversions alone are still not sufficient to resolve all of the problems relating to long-term debt sustainability, and in this connection, stressing the urgent need for full and swift implementation of initiatives that will further assist developing countries, in particular the poorest and most heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high levels of total debt stock and debt-service burdens,

"*Welcoming* the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation of bilateral debts,

"*Noting* the enhanced debt initiative launched by the Group of Seven major industrialized countries at its meeting held at Cologne, Germany, from 18 to 20 June 1999, and the decisions taken by the International Monetary Fund and the World Bank in October 1999 on the enhanced initiative which was designed to provide deeper, broader and faster debt relief,

"*Noting* the approval by the executive boards of the International Monetary Fund and the World Bank of proposals to streamline preliminary heavily indebted poor country documents;

"*Noting with great concern* that one of the major obstacles to the speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative is financial constraints and, in this regard, stressing that the Heavily Indebted Poor Countries Trust Fund must be adequately funded by donor countries,

"*Noting with concern* that a growing number of highly indebted middle-income developing countries are facing difficulties in meeting their external debt-servicing obligations owing, inter alia, to liquidity constraints,

"*Stressing* that the effective management of the debt of developing countries, including middle-income countries, is an important factor, among others, in the sustained economic growth of such countries and in the smooth functioning of the world economy,

"*Emphasizing* that the international community should consider further appropriate measures to achieve durable solutions to the external debt and debt-serving problems of developing countries,

"1. *Calls* for effective, equitable, development-oriented and durable solutions to the external debt and debt-service burdens of developing countries, which can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

"2. *Reaffirms* the need, as expressed in the Millennium Declaration, for the international community to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

"3. *Calls* for the full and speedy implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative and, in this regard, stresses the need for the donor community to provide new and additional necessary resources;

"4. *Stresses* the importance of implementing flexibly the Heavily Indebted Poor Countries Debt Initiative, including by shortening the interval between the decision and completion points, taking due account of the policy performance of the countries concerned in a transparent manner and with the full involvement of the debtor countries;

"5. *Stresses also* the importance of increased flexibility with regard to the eligibility criteria for the Heavily Indebted Poor Countries Debt Initiative,

both in their consideration and their implementation, in particular for known borderline cases and countries in post-conflict situations;

"6. *Invites* the International Monetary Fund and the World Bank to continue to strengthen the transparency and integrity of debt sustainability analysis;

"7. *Welcomes* the proposed framework for strengthening the link between debt relief and poverty eradication and stresses the need for its flexible implementation, recognizing that, while the poverty reduction strategy paper should be in place by the decision point, on a transitional basis the decision point could be reached without agreement on a poverty paper, but that in all cases demonstrable progress in implementing a poverty reduction strategy would be required by the completion point;

"8. *Emphasizes* that poverty reduction programmes as linked to the implementation of the enhanced Heavily Indebted Poor Countries Debt Initiative must be country-driven and in accordance with the priorities and programmes of countries eligible under the initiative, and stresses the role of civil society in this regard;

"9. *Welcomes* the decision of those countries that have cancelled bilateral official debt, and urges creditor countries that have not done so to consider the full cancellation of the bilateral official debts of countries eligible under the Heavily Indebted Poor Countries Debt Initiative and, as appropriate, action to address the needs of post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and poor countries with very low social and human development indicators, including the possibility of debt-relief measures through, inter alia, the cancellation of bilateral official debt;

"10. *Notes* that the multilateral debt-relief funds can have a positive impact in respect of assisting Governments in safeguarding or increasing expenditures on priority social sectors, and encourages donors to continue efforts in this regard in the context of the enhanced Heavily Indebted Poor Countries Debt Initiative;

"11. *Stresses* the principle that funding of any debt relief should not affect adversely the support for other development activities in favour of developing countries, including the level of funding for United Nations funds and programmes and in this regard, welcomes the decision of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association;

"12. *Expresses its appreciation* that certain developed countries have reached, even gone beyond or recently committed increases towards the agreed target for official development assistance of 0.7 per cent of their gross national product, while at the same time calling upon other developed countries to meet this target for official development assistance as soon as possible;

"13. *Expresses its appreciation also* for the action taken by creditor countries of the Paris Club with regard to the debts of developing countries that are affected by natural disasters and, in this regard, reiterates the need for relief promises to be fulfilled within the shortest possible time frame in order to free the requisite resources for national reconstruction efforts;

"14. *Encourages* the international creditor community to consider further measures for countries with a very high level of debt overhang, including, in particular, the conversion into grants of all the remaining bilateral debts of the poorest African countries;

"15. *Recognizes* the difficulties of highly indebted middle-income developing countries in meeting their external debt and debt-servicing obligations and notes the worsening situation in some of them in the context, inter alia, of higher liquidity constraints, which may require debt treatment, including, as appropriate, debt-reduction measures;

"16. *Calls* for concerted national and international action to address effectively the debt problems of middle-income developing countries with a view to resolving the potential long-term debt-sustainability problems of such countries by the adoption of various debt-treatment measures, including, as appropriate, orderly mechanisms for debt reduction, and encourages all creditor and debtor countries to utilize to the fullest extent possible, where appropriate, all existing mechanisms for debt reduction;

"17. *Recognizes* the need for countries, even when experiencing a debt problem, to continue to work with creditors in order to facilitate continued access to international capital markets and, in the event that extraordinary circumstances preclude a country from temporarily meeting its debt-servicing commitments, urges creditors to work with Governments in a transparent and timely fashion towards an orderly and equitable workout procedure of the debt overhang, including the implementation of debt standstill arrangements;

"18. *Notes* the importance of an orderly, gradual and well-sequenced liberalization of capital accounts that would strengthen the ability of countries to sustain its consequences so as to mitigate the adverse impact of the volatility of short-term capital flows;

"19. *Also notes* that debt relief alone will not lead to poverty reduction and economic growth and, in this regard, emphasizes the need for new financial flows to debtor developing countries from all sources, in addition to debt relief measures, as well as increased concessional financial assistance, in particular to the least developed countries, in order to support their efforts for achieving economic growth and sustainable development;

"20. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management and calls upon the international community to support the efforts towards this end, and in this regard, stresses the importance of initiatives such as the debt management and financial analysis system and the debt-management capacity-building programme;

"21. *Notes* the importance of providing adequate resources for debt-relief measures in the light of the adverse effects of international financial crises on the mobilization of both domestic and external resources for the

development of the developing countries, including those in Africa and the least developed countries;

"22. *Stresses* the importance of promoting economic growth and sustainable development, and further stresses the need for the international community to promote a conducive external environment through, inter alia, improved market access, stabilization of exchange rates, effective stewardship of international interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for developing countries;

"23. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development, as well as of the outcomes of review processes, in particular those related to the question of the external debt problem of developing countries;

"24. *Requests* the Secretary-General to appoint an independent panel of experts, not exceeding ten, with proper geographical representation, to make a comprehensive assessment of the external debt problem and proposals for its solution in accordance with the report of the Secretary-General, and decides to consider the report of the panel at its fifty-sixth session;

"25. *Requests also* the Secretary-General to report to it at its fifty-sixth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of the developing countries."

3. At the 42nd meeting, on 8 December, the Vice-Chairman of the Committee, Anne Barrington (Ireland), introduced a draft resolution entitled "Enhancing international cooperation towards a durable solution to the external debt problem of developing countries" (A/C.2/55/L.64), which she submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.38.

4. At the same meeting, statements were made by the representatives of France, on behalf of the States Members of the United Nations that are members of the European Union, and the United States of America (see A/C.2/55/SR.42).

5. Also at the same meeting, the Committee adopted draft resolution A/C.2/55/L.64 (see para. 7).

6. In the light of the adoption of draft resolution A/C.2/55/L.64, draft resolution A/C.2/55/L.38 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

7. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998 and 54/202 of 22 December 1999 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries,

Taking note of the report of the Secretary-General on recent developments in the debt situation of developing countries,[1]

Recalling the United Nations Millennium Declaration of the heads of State and Government adopted on 8 September 2000,[2]

Noting with concern the continuing debt and debt-servicing problems of heavily indebted developing countries as constituting an element that adversely affects their development efforts and economic growth, and stressing the importance of alleviating once and for all, where applicable, their onerous debt and debt-service burden with the aim of attaining a sustainable level of debt and debt service,

Noting with great concern the continuing high debt burden borne by most African countries and the least developed countries, as exacerbated, inter alia, by the declining trend in commodity prices, and noting that the financial crisis has aggravated the debt-service burdens of many developing countries, including low-income and middle-income countries, in particular in the context of meeting their international debt and debt-servicing obligations in a timely fashion despite serious external and domestic financial constraints,

Reaffirming the need to consider further measures, as appropriate, for dealing with the external debt and debt-servicing problems of developing countries in an effective, equitable and development-oriented manner, in order to help them exit from the rescheduling process and unsustainable debt burdens, and welcoming the efforts already made in this regard,

Welcoming and emphasizing the importance of the efforts of debtor countries to pursue, despite the great social cost often involved, economic reforms and structural adjustment programmes that are aimed at achieving stability, raising domestic savings and investment, attaining competitiveness to take advantage of market access opportunities, where available, reducing inflation, improving economic efficiency and addressing the social aspects of development, including the eradication of poverty and the development of social safety nets for the vulnerable and poorer strata of their populations, and encouraging them to continue in these efforts,

Recognizing that close attention should be paid to the impact of economic reforms on the poor and in this context that the country-owned poverty reduction strategy papers linked to the Heavily Indebted Poor Countries Initiative should contribute to poverty reduction,

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[1] A/55/422.

[2] Resolution 55/2.

Stressing the need for continuing global economic growth, equitable distribution of the opportunities and benefits of globalization and a continuing supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries, in accordance with the relevant General Assembly resolutions and the outcomes of recent United Nations conferences,

Noting that mechanisms such as debt rescheduling and debt conversions alone are not sufficient to resolve all of the problems relating to long-term debt sustainability and, in this connection, stressing the continuing need for sound macroeconomic policies as well as the need for full, swift and effective implementation of initiatives that will further assist developing countries, in particular the poorest and most heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high levels of total debt stock and debt-service burdens,

Welcoming the enhanced Heavily Indebted Poor Countries Initiative, launched by the Group of Seven major industrialized countries at their meeting held in Cologne, Germany, from 18 to 20 June 1999, and the decisions on the enhanced initiative taken by the International Monetary Fund and the World Bank in October 1999 that are designed to provide deeper, broader and faster relief,

Welcoming also the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries which have cancelled bilateral debts, and urging all creditor countries to participate in efforts to remedy the external debt and debt-servicing problems of developing countries,

Welcoming further the adoption by the Executive Boards of the International Monetary Fund and the World Bank of a number of measures to speed up the implementation of the enhanced Heavily Indebted Poor Countries Initiative, including greater flexibility with regard to the evaluation of performance with a focus on policy implementation, as well as the emphasis that the decision point may be reached and that debt relief may be provided before the finalization of full poverty reduction strategy papers as long as interim poverty reduction strategy papers are agreed, and noting with appreciation their approval of proposals to streamline preliminary heavily indebted poor countries documents,

Recognizing that the full implementation of the enhanced Heavily Indebted Poor Countries Initiative will require substantial financial resources and, in this regard, stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and also stressing the need to adequately fund the Heavily Indebted Poor Countries Trust Fund and the Poverty Reduction and Growth Facility/Heavily Indebted Poor Countries Trust Fund and, in this regard, welcoming the contributions and pledges made by donors to the trust funds,

Noting with concern that some highly indebted middle-income developing countries are facing serious difficulties in meeting their external debt-servicing obligations owing, inter alia, to liquidity constraints,

Stressing that the effective management of the debt of developing countries, including middle-income countries, is an important factor, among others, in the

sustained economic growth of such countries and in the smooth functioning of the world economy,

Stressing also the importance of a sound enabling environment for effective debt management,

1. *Recognizes* that effective, equitable, development-oriented and durable solutions to the external debt and debt-service burdens of developing countries can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development in accordance with the relevant General Assembly resolutions and the outcomes of recent global conferences;

2. *Reaffirms* the need, as expressed in the United Nations Millennium Declaration,[2] for the international community to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

3. *Calls* for the full, speedy and effective implementation of the enhanced Heavily Indebted Poor Countries Initiative and, in this regard, stresses the need for the donor community to provide the additional resources necessary to fulfil the future financial requirements of this initiative, welcomes the agreement that financing for heavily indebted poor countries should be reviewed analytically and separately from International Development Association replenishment requirements but consecutively with meetings for the thirteenth replenishment of the Association, and calls upon all donors to participate fully in this process;

4. *Calls upon* the heavily indebted poor countries to take, as soon as possible, the policy measures necessary to become eligible for the enhanced Heavily Indebted Poor Countries Initiative and to reach the decision point;

5. *Reiterates* its call upon industrialized countries, as expressed in the United Nations Millennium Declaration in the context of addressing the special needs of the least developed countries, to agree to cancel all official bilateral debt of the heavily indebted poor countries in return for their making demonstrable commitments to poverty reduction;

6. *Stresses* the importance of continuing to implement the enhanced Heavily Indebted Poor Countries Initiative flexibly, noting the provision of significant interim debt relief between the decision and completion points and taking due account of the policy performance of the countries concerned in a transparent manner and with the full involvement of the debtor countries, inter alia, for the setting of the floating completion point, and in this regard stresses the importance of country-owned poverty reduction strategy papers;

7. *Also stresses* the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations;

8. *Notes* that it is important for the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and also notes the importance of cooperation with debtor countries in order to obtain relevant information;

9. *Welcomes* the framework for strengthening the link between debt relief and poverty eradication, and stresses the need for its continued flexible implementation, recognizing that, while the poverty reduction strategy papers should be in place by the decision point, on a transitional basis the decision point could be reached with agreement on an interim poverty reduction strategy paper, but that in all cases demonstrable progress in implementing a poverty reduction strategy would be required by the completion point;

10. *Emphasizes* that poverty reduction programmes as linked to the implementation of the enhanced Heavily Indebted Poor Countries Initiative must be country-driven and in accordance with the priorities and programmes of countries eligible under the Initiative, and stresses the importance of a participatory process that involves civil society in this regard;

11. *Welcomes* the decision of those countries that have cancelled bilateral official debt, and urges creditor countries that have not done so to consider the full cancellation and equivalent relief of the bilateral official debts of countries eligible under the Heavily Indebted Poor Countries Debt Initiative and, as appropriate, action to address the needs of post-conflict countries, in particular those with protracted arrears, developing countries affected by serious natural disasters and poor countries with very low social and human development indicators, including the possibility of debt-relief measures, and stresses the importance of building coalitions with civil society organizations and non-governmental organizations in all countries to ensure in the shortest possible time the implementation of pronouncements of debt forgiveness;

12. *Notes* that the multilateral debt-relief funds can have a positive impact in assisting Governments in safeguarding or increasing expenditures on priority social sectors, and encourages donors and other countries in a position to do so to continue their efforts in this regard in the context of the enhanced Heavily Indebted Poor Countries Initiative;

13. *Emphasizes* the need to secure adequate funding for an overall financing plan for the enhanced Heavily Indebted Poor Countries Initiative, in particular the Heavily Indebted Poor Countries Trust Fund and the Poverty Reduction and Growth Facility/Heavily Indebted Poor Countries Trust Fund, in the context of fair, equitable and transparent burden-sharing;

14. *Stresses* the principle that funding of any debt relief should not affect adversely the support for other development activities in favour of developing countries, including the level of funding for United Nations funds and programmes; in this regard, welcomes the decision of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries that financing of debt relief should not compromise the financing made available through concessional windows such as the International Development Association; and expresses its appreciation to those developed countries that have reached, gone beyond or recently made commitments towards reaching the agreed target for official development assistance of 0.7 per cent of their gross national product, and at the same time calls upon other developed countries to meet the target for official development assistance as soon as possible;

15. *Expresses its appreciation* for the action taken by creditor countries of the Paris Club with regard to the debts of developing countries that are affected by natural disasters and, in this regard, reiterates the need for relief promises to be fulfilled within the shortest possible time frame in order to free the requisite resources for national reconstruction efforts;

16. *Encourages* the international creditor community to consider appropriate measures for countries with a very high level of debt overhang, including, in particular, the poorest African countries, in order to make an appropriate and consistent contribution to the common objective of debt sustainability;

17. *Recognizes* the difficulties of highly indebted middle-income developing countries and other highly indebted middle-income countries in meeting their external debt and debt-servicing obligations, and notes the serious situation in some of them in the context, inter alia, of significant liquidity constraints, which may require debt treatment, including, as appropriate, debt-reduction measures;

18. *Calls* for concerted national and international action to address effectively the debt problems of middle-income developing countries with a view to resolving the potential long-term debt-sustainability problems of such countries through various debt-treatment measures, including, as appropriate, existing orderly mechanisms for debt reduction, and encourages all creditors, both public and private, and debtor countries to utilize to the fullest extent possible, where appropriate, the mechanisms for debt reduction;

19. *Recognizes* the need for countries, even when experiencing a debt problem, to continue to work with creditors in order to facilitate continued access to international capital markets and, in the event that extraordinary circumstances preclude a country from temporarily meeting its debt-servicing commitments, urges creditors and Governments to work together in a transparent and timely fashion towards an orderly and equitable resolution of the repayment problem, including consideration of temporary debt standstill arrangements in exceptional cases;

20. *Notes* the importance of an orderly, gradual and well-sequenced liberalization of capital accounts so as to strengthen the ability of countries to sustain its consequences and to mitigate the adverse impact of the volatility of short-term capital flows;

21. *Stresses* that debt relief should contribute to development objectives, including poverty reduction, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

22. *Notes* that debt relief alone will not lead to poverty reduction and economic growth and, in this regard, emphasizes the need for an enabling environment, including sound economic management as well as an efficient, transparent and accountable public service and administration, and stresses the need to mobilize financial resources from all sources, in addition to debt-relief measures and continued concessional financial assistance, in particular to the least developed countries, in order to support their efforts for achieving economic growth and sustainable development;

23. *Underlines* the absolute importance of implementing the resolve expressed in the United Nations Millennium Declaration to create an

environment — at the national and global levels alike — that is conducive to development and to the elimination of poverty, inter alia, through good governance within each country as well as good governance at the international level and transparency in the financial, monetary and trading systems;

24. *Stresses* the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts made towards this end and, in this regard, stresses the importance of initiatives such as the Debt Management and Financial Analysis System[3] and the debt-management capacity-building programme;

25. *Notes* the importance of providing adequate resources for debt-relief measures in the light of the difficulties that many developing countries, especially those in Africa and the least developed among them, are facing with respect to mobilizing both domestic and external resources for their development and, in accordance with the United Nations Millennium Declaration, calls for special measures to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation;

26. *Stresses* the importance for developing countries to continue their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development, so as to favour their exit from debt and debt-servicing problems, and also stresses the need for the international community to promote a conducive external environment through, inter alia, improved market access, efforts aimed at the stabilization of exchange rates and the effective stewardship of interest rates, increased resource flows, access to international financial markets, flow of financial resources and improved access to technology for developing countries;

27. *Calls upon* the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits on development organized since the beginning of the 1990s, as well as of the outcomes of review processes, in particular those related to the question of the external debt problem of developing countries;

28. *Requests* the Secretary-General to report to it at its fifty-sixth session on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, including those resulting from global financial instability.

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[3] The Debt Management and Financial Analysis System is a computerized system developed by the United Nations Conference on Trade and Development to assist developing countries and countries with economies in transition in developing appropriate administrative, institutional and legal structures for effective foreign and domestic public debt management. By June 1999, the system had been installed in the debt offices of 50 countries in Africa, Asia, Europe and Latin America and the Caribbean.

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Sectoral policy questions

Report of the Second Committee

Rapporteur: Mr. Ahmed **Amaziane** (Morocco)

I. Introduction

1. At its 9th plenary meeting, on 11 September 2000, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-fifth session the item entitled:

"Sectoral policy questions:

"(a) Industrial development cooperation;

"(b) Business and development"

and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 21st, 32nd, 34th, 40th and 41st meetings, on 23 October, 8 and 15 November and 1 and 6 December 2000. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/55/SR.21, 32, 34, 40 and 41). Attention is also drawn to the general debate held by the Committee at its 3rd to 7th meetings, on 2, 3 and 5 October (see A/C.2/55/SR.3-7).

3. For its consideration of the item, the Committee had before it the following documents:

Item 93
Sectoral policy questions

Letter dated 5 May 2000 from the Permanent Representative of Nigeria to the United Nations addressed to the President of the General Assembly, transmitting the Declaration and the Programme of Action adopted by the South Summit of the Group of 77, held at Havana from 10 to 14 April 2000 (A/55/74)

00-78952 (E) 141200

Letter dated 28 June 2000 from the Permanent Representatives of Egypt and Indonesia to the United Nations addressed to the Secretary-General, transmitting the joint communiqué of the Tenth Summit of the Heads of State and Government of the Group of Fifteen, meeting in Cairo on 19 and 20 June 2000 (A/55/139-E/2000/93)

(a) Industrial development cooperation

Note by the Secretary-General transmitting the report of the Director-General of the United Nations Industrial Development Organization on industrialization for development (A/55/356)

(b) Business and development

Report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds (A/55/405)

4. At the 21st meeting, on 23 October, introductory statements were made by the Assistant Director-General of the United Nations Industrial Development Organization, under the sub-item (a), and the representative of the United Nations Conference on Trade and Development under sub-item (b) (see A/C.2/55/SR.21).

II. Consideration of proposals

A. Draft resolutions A/C.2/55/L.22 and A/C.2/55/L.42

5. At the 32nd meeting, on 8 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/55/L.22), which read:

"*The General Assembly*,

"*Recalling* its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996 and 53/177 of 15 December 1998 on industrial development cooperation,

"*Recognizing* the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

"*Alarmed* by the inaccessibility of technological gains to developing countries,

"*Taking note* of the report of the Director-General of the United Nations Industrial Development Organization,

"1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, eradication of poverty and facilitation of social integration, including the integration of women into the development process;

"2. *Stresses* the importance of domestic industrial transformation in developing countries as a way of increasing the value added of their export

earnings, so that they may benefit fully from the process of globalization and trade liberalization;

"3. *Recognizes* the need for industry to play an enhanced role in fighting the marginalization of developing countries;

"4. *Underlines* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

"5. *Reaffirms* the need for initiatives stretching beyond those associated with economic adjustment and stabilization to support the survival and expansion of the productive sector in developing countries, especially in the least developed countries;

"6. *Emphasizes* the importance of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, inter alia, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and the effective use of official development assistance to enable developing countries to enhance an environment attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial productive capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

"7. *Acknowledges* the interlinkage of globalization and interdependence, and reiterates the necessity of technology transfer to the developing countries as an effective means of international cooperation in the field of industrial development;

"8. *Confirms* the contribution of industry to social development, which should be viewed in the wider context of linkages between industry and agriculture and related services, as well as in the spin-off effects that enhance sectoral performance and social welfare, and notes that within the totality of these interlinkages, industry serves as a powerful source of the employment generation, income creation and social integration required for the eradication of poverty;

"9. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and the recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

"10. *Emphasizes* the importance, for developing countries, of financing for industrial development, including market-based mechanisms and instruments as well as innovative funding modalities, such as co-financing schemes and trust funds, debt-equity swaps and, as appropriate, other debt relief measures and official development assistance specifically designed to

strengthen the industrial capacities of developing countries through, inter alia, the facilitation of private capital flows and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to support developing countries and countries with economies in transition in their efforts to mobilize resources for industrial development, especially by means of investment promotion activities, development of small and medium-sized enterprises, an increase in the competitiveness of their exports, the encouragement of practices to promote employment in industries and various forms of business partnerships, such as industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development;

"11. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, calls upon the United Nations Industrial Development Organization to continue to carry out its central coordinating role within the United Nations system in that respect, and welcomes its efforts to strengthen its cooperation with the rest of the United Nations system at both the headquarters and field levels by, inter alia, actively participating in the resident coordinator system, so as to enhance the effectiveness, relevance and development impact of such support;

"12. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, among other things, trade in manufactured products, industrial investments and business partnerships, and industrial technology and scientific exchanges;

"13. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, to continue to undertake the in-depth assessment, analysis and dissemination of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the effects of financial crises and the impact of globalization on the industrial structure of the developing countries, so as to support and boost South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

"14. *Strongly urges* the donor community to provide adequate financial support to enable the United Nations Industrial Development Organization to fully implement its portfolio of integrated technical cooperation programmes and strengthen its global forum activities, as set out in the note by the Secretary-General;

"15. *Welcomes* the promising structural transformation and revitalization of the United Nations Industrial Development Organization as well as its new approach in providing comprehensive and integrated services to its member States and the strengthening of its field representation, and requests it to

continue to accord priority to the needs of developing countries, in particular the least developed countries and countries in the African region;

"16. *Also welcomes* the focus of the United Nations Industrial Development Organization both on the strengthening of industrial capacities and on cleaner and sustainable industrial development in the context of its new programme reorientation, as well as its cooperation with the relevant bodies and organizations of the United Nations system, in particular the United Nations Environment Programme;

"17. *Requests* the Secretary-General to submit to the General Assembly at its fifty-seventh session a report on the implementation of the present resolution."

6. At the 40th meeting, on 1 December, the Chairman of the Committee introduced a draft resolution entitled "Industrial development cooperation" (A/C.2/55/L.42), submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.22.

7. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.42 (see para. 15, draft resolution I).

8. After the adoption of the draft resolution a statement was made by the representative of Brazil (see A/C.2/55/SR.40).

9. In the light of the adoption of draft resolution A/C.2/55/L.42, draft resolution A/C.2/55/L.22 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/55/L. 32 and A/C.2/55/L. 52

10. At the 34th meeting, on 15 November, the representative of Nigeria, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Towards a convention on the prevention of illegal transfer of funds and repatriation of funds to their countries of origin" (A/C.2/55/L.32), which read:

"*The General Assembly*,

"*Recalling* its resolutions 53/176 of 15 December 1998 on action against corruption and bribery in international commercial transactions and 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds,

"*Concerned* about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

"*Recognizing* the importance of existing international and national laws for combating corruption in international commercial transactions,

"*Recognizing also* the important role of the business community, including the private sector, in enhancing the dynamic process of the development of the agricultural, industrial and service sectors and the need to create an enabling environment at the national and international levels for

business in order to facilitate economic growth and sustainable development of developing countries, most especially African countries, taking into account the development priorities of Governments and the principles of sovereignty and non-interference,

"*Mindful* of the very important role of the business community, including the private sector, in fostering economic growth and development and the role of the United Nations in embracing constructive principles and norms, such as honesty, transparency and accountability,

"*Noting* the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of Funds,

"1. *Reiterates* its condemnation of corruption, bribery, money-laundering and the illegal transfer of funds;

"2. *Calls* for further international and national measures to combat corrupt practices and bribery in international transactions and for international cooperation in support of these measures;

"3. *Also calls* for, while recognizing the importance of national measures, increased international cooperation, inter alia, through the United Nations system, in regard to devising ways and means of preventing and addressing illegal transfers as well as repatriating illegally transferred funds to the countries of origin, and calls upon all countries and entities concerned to cooperate in this regard;

"4. *Requests* the international community to support the efforts of all countries aimed at strengthening institutional capacity and regulatory frameworks for preventing corruption, bribery, money-laundering and illegal transfer of funds;

"5. *Calls* for the commencement of preparatory work for the elaboration of a convention on devising ways and means to prevent and address the illegal transfer of funds and the repatriation of these funds to the countries of origin;

"6. *Decides* to keep this matter under review, and in this regard requests the Secretary-General to submit to the General Assembly at its fifty-sixth session an analytical report containing concrete recommendations with regard to the repatriation of illegally transferred funds to the countries of origin and to report on the progress made in the implementation of the present resolution."

11. At the 41st meeting, on 6 December, the Chairman of the Committee, introduced a draft resolution entitled "Preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin" (A/C.2/55/L.52), submitted on the basis of informal consultations held on draft resolution A/C.2/55/L.32.

12. At the same meeting, the Committee adopted draft resolution A/C.2/55/L.52 (see para. 15, draft resolution II).

13. Also at the same meeting, the representative of the Russian Federation made a statement (see A/C.2/55/SR.41).

14. In the light of the adoption of draft resolution A/C.2/55/L.52, draft resolution A/C.2/55/L.32 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

15. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Industrial development cooperation

The General Assembly,

Recalling its resolutions 46/151 of 18 December 1991, 49/108 of 19 December 1994, 51/170 of 16 December 1996 and 53/177 of 15 December 1998 on industrial development cooperation,

Recalling the United Nations Millennium Declaration, adopted by the heads of State and Government on 8 September 2000,[1]

Recognizing the increasing role of the business community, including the private sector, in enhancing the dynamic process of the development of the industrial sector,

Recognizing the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development,

Taking note of the report of the Director-General of the United Nations Industrial Development Organization,[2]

1. *Reiterates* that industrialization is a key element in the promotion of the sustainable development of developing countries, as well as in the creation of productive employment, eradication of poverty and facilitation of social integration, including the integration of women into the development process;

2. *Stresses* the importance of domestic industrial transformation in developing countries as a way of increasing the value added of their export earnings, so that they may benefit fully from the process of globalization and trade liberalization;

3. *Recognizes* the need for industry to play an enhanced role in fighting the marginalization of developing countries;

4. *Underlines* the importance of industrial development cooperation and a positive investment and business climate at the international, regional, subregional and national levels in promoting the expansion, diversification and modernization of productive capacities in developing countries and countries with economies in transition;

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[1] Resolution 55/2.

[2] A/55/356.

5. *Reaffirms* the need, within the existing service modules of the United Nations Industrial Development Organization, for initiatives stretching beyond those associated with economic adjustment and stabilization to support the survival and expansion of manufacturing activity in developing countries, especially in the least developed countries;

6. *Emphasizes* the necessity of a favourable international and national environment for the industrialization of developing countries, and urges all Governments to adopt and implement development policies and strategies that promote, within a framework of transparent and accountable industrialization policies, inter alia, enterprise development, foreign direct investment, technological adaptation and innovation, expanded access to markets and effective use of official development assistance to enable developing countries to enhance an environment that is attractive to investment so as to augment and supplement domestic resources for the expansion, diversification and modernization of their industrial production capacity in the context of an open, equitable, non-discriminatory, transparent, multilateral and rule-based international trading system;

7. *Acknowledges* the interlinkage of globalization and interdependence, and reiterates the importance of the transfer of technology to the developing countries as an effective means of international cooperation in the field of industrial development;

8. *Confirms* the contribution of industry to social development, especially in the context of the linkages between industry and agriculture, and notes that within the totality of these interlinkages, industry serves as a powerful source of the employment generation, income creation and social integration required for the eradication of poverty;

9. *Recognizes* the continuing use of official development assistance also for industrial development in the developing countries, and calls upon donor countries and recipient countries to continue to cooperate in their efforts to achieve greater efficiency and effectiveness of official development assistance resources devoted to industrial development cooperation;

10. *Emphasizes* the importance, for developing countries, of financing for industrial development, including market-based mechanisms and instruments as well as innovative funding modalities, such as co-financing schemes and trust funds, debt-equity swaps and, as appropriate, other debt relief measures and official development assistance specifically designed to strengthen the industrial capacities of developing countries through, inter alia, the facilitation of private capital flows and, in this regard, requests relevant entities of the United Nations system, including the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, in the context of their strategic partnership, to support developing countries and countries with economies in transition in their efforts to mobilize resources for industrial development, especially by means of investment promotion activities, the development of small and medium-sized enterprises, an increase in the competitiveness of their exports, the encouragement of practices to promote employment in industries and various forms of business partnerships, such as industrial joint venture schemes, enterprise-to-enterprise cooperation and venture capital funds for industrial development;

11. *Reiterates* the importance of cooperation and coordination within the United Nations system in providing effective support for the sustainable industrial development of developing countries, calls upon the United Nations Industrial Development Organization to continue to carry out its central coordinating role within the United Nations system in that respect, and welcomes its efforts to strengthen its cooperation with the rest of the United Nations system at both the headquarters and field levels by, inter alia, actively participating in the resident coordinator system, so as to enhance the effectiveness, relevance and development impact of such support;

12. *Calls upon* the international community and the relevant bodies and organizations of the United Nations system, in particular the United Nations Industrial Development Organization, to support the efforts of the developing countries to intensify and expand industrial cooperation among themselves with respect to, among other things, trade in manufactured products, industrial investments and business partnerships, and industrial technology and scientific exchanges;

13. *Requests* the United Nations Industrial Development Organization, in cooperation with the relevant organizations of the United Nations system, as appropriate, to continue to undertake an in-depth assessment, analysis and dissemination of best practices in the area of industrial policies and strategies and of lessons learned in industrial development, taking into account the effects of financial crises and the impact of globalization on the industrial structure of the developing countries, so as to support and boost South-South cooperation by providing practical insights and ideas for international industrial development cooperation and for economic and technical cooperation among developing countries;

14. *Emphasizes* the need for financial support to enable the United Nations Industrial Development Organization to implement its technical cooperation programmes and strengthen its global forum activities and, at the same time, strongly urges present and former member States to pay their assessed contributions in full, on time and without conditions;

15. *Welcomes* the structural transformation and revitalization of the United Nations Industrial Development Organization as well as its new approach in providing comprehensive and integrated services to its member States and the strengthening of its field representation, and requests it to continue to support the industrialization efforts of developing countries and to continue to accord priority to the needs of the least developed countries and countries in the African region;

16. *Also welcomes* the focus of the United Nations Industrial Development Organization both on the strengthening of industrial capacities and on cleaner and sustainable industrial development in the context of its new programme orientation, as well as its cooperation with the relevant bodies and organizations of the United Nations system, in particular the United Nations Environment Programme;

17. *Requests* the Secretary-General to submit to the General Assembly at its fifty-seventh session a report on the implementation of the present resolution.

Draft resolution II
Preventing and combating corrupt practices and illegal transfer of funds and repatriation of such funds to the countries of origin

The General Assembly,

Recalling its resolutions 53/176 of 15 December 1998 on action against corruption and bribery in international commercial transactions, 54/205 of 22 December 1999 on the prevention of corrupt practices and illegal transfer of funds and 55/61 of 4 December 2000 on an effective international legal instrument against corruption,

Concerned about the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

Recognizing the importance of international cooperation and existing international and national laws for combating corruption in international commercial transactions,

Noting with appreciation the recent adoption of the United Nations Convention against Transnational Organized Crime and its two Protocols,[3]

Recognizing also the important role of the business community, including, in particular, the private sector, in enhancing the dynamic process of the development of the agricultural, industrial and service sectors and the need to create an enabling environment at the national and international levels for business in order to facilitate economic growth and sustainable development of developing countries, most especially African countries, taking into account the development priorities of Governments,

Mindful of the very important role that the private sector can play in fostering economic growth and development and of the active involvement of the United Nations system in facilitating the constructive participation and orderly interaction of the private sector in the development process by embracing universal principles and norms, such as honesty, transparency and accountability,

Noting the report of the Secretary-General on the prevention of corrupt practices and illegal transfer of funds,[4]

1. *Reiterates* its condemnation of corruption, bribery, money-laundering and the illegal transfer of funds;

2. *Calls* for further international and national measures to combat corrupt practices and bribery in international transactions and for international cooperation in support of these measures;

3. *Also calls* for, while recognizing the importance of national measures, increased international cooperation, inter alia, through the United Nations system, in regard to devising ways and means of preventing and addressing illegal transfers, as well as repatriating illegally transferred funds to the countries of origin, and calls upon all countries and entities concerned to cooperate in this regard;

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[3] Resolution 55/25, annexes I-III.

[4] A/55/405.

4. *Requests* the international community to support the efforts of all countries to strengthen institutional capacity and regulatory frameworks for preventing corruption, bribery, money-laundering and illegal transfer of funds, as well as for the repatriation of those funds to the countries of origin;

5. *Reiterates its request* to the Secretary-General, as contained in resolution 55/61, to convene an intergovernmental open-ended expert group to examine and prepare, on the basis of the report of the Secretary-General and of recommendations of the Commission on Crime Prevention and Criminal Justice at its tenth session, draft terms of reference for the negotiation of the future legal instrument against corruption, and invites the expert group on the same basis to examine the question of illegally transferred funds and the repatriation of such funds to the countries of origin;

6. *Decides* to keep this matter under review and, in this regard, requests the Secretary-General, in consultation with Member States and relevant bodies of the United Nations system, to prepare, without duplicating material contained in the report requested by the Assembly in resolution 55/61, an analytical report containing information on the progress made in the implementation of the present resolution and, bearing in mind resolution 54/205, concrete recommendations, inter alia, with regard to the repatriation of illegally transferred funds to the countries of origin, and to submit the report to the General Assembly at its fifty-sixth session under the item entitled "Sectoral policy questions: business and development".